

A PUBLICATION OF THE NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

Applying for Retirement

Public Employees' Retirement System • Teachers' Pension and Annuity Fund

BEFORE YOU RETIRE

You should inquire about retirement at least six months before your retirement date. This will give you enough time to review your benefits and options. You may also request an *Estimate of Retirement Benefits*, which estimates your monthly retirement allowance, the benefits payable to your beneficiary upon your death under the various retirement options, and your life insurance benefits. A *Request for Retirement Estimate* form is available from your employer, by contacting the Division of Pensions and Benefits, or over the Internet at: www.state.nj.us/treasury/pensions. If you provide us with the birth date of your beneficiary, we will estimate not only the Maximum Option but alternate payment options. You may also call the Division of Pensions and Benefits' Automated Information System at (609) 777-1777 to hear an estimate of your retirement benefits over the phone. Please have your Social Security number available when you call. Your employer will not be notified that you requested a retirement estimate.

APPLYING FOR RETIREMENT

It is your responsibility to file an *Application for Retirement Allowance*. Your application must be received by the Division of Pensions and Benefits before your retirement date. All retirements are effective the first of a month. ***Under no circumstances can a retirement become effective prior to the date the application is received by the Division of Pensions and Benefits.*** Four months advance filing is recommended. Processing time varies and cannot begin until we have received all the necessary information and forms from both you and your employer.

If you have not furnished proof of your age to the Division, you should attach a copy of your birth certificate to your *Application for Retirement Allowance*. Proof of age for your beneficiary is required under Options A, B, C, D, 2, 3, and 4. For an explanation of your options at retirement see

Fact Sheet #5, *Pension Options* or your member handbook (see "Obtaining Forms and Fact Sheets" on page 3).

Please note: Members should allow additional processing time for Option 4 retirements with multiple beneficiaries.

If you retire with an outstanding loan balance, you must decide how you wish to repay your loan balance. You may:

- pay the loan ***in its entirety*** prior to receiving any benefits; or
- continue your monthly loan repayment schedule into retirement until the loan balance ***plus interest*** has been repaid.

TYPES OF RETIREMENT

There are several types of retirement for which you may qualify:

Service Retirement

This is the type of retirement for which most members qualify. The retirement age is 60 or older and no minimum amount of membership credit is required. The benefit is calculated using the following formula:

$$\frac{\text{Years of Service}}{55} \times \text{Final Average Salary} = \text{Annual Retirement Allowance}$$

For example: A member with 22 years of service would receive 22/55 or 40 percent of Final Average Salary. You receive a slightly higher percentage for each additional month of service.

'Years of Service' means the amount of membership credit you have accumulated in your account.

'Salary' means the base salary on which your pension contributions are based. It does not include extra pay for overtime or money given in anticipation of your retirement.

'Final Average Salary' means the average salary for the 36 months (30 months for employees with 10 month contracts) immediately preceding your

retirement. If your last three years are not your highest years of salary, your allowance will be calculated using your three highest fiscal years (July - June) of salary. If this is the case, you must indicate it on your retirement application.

Early Retirement

Available to those members who have 25 years or more of membership credit before reaching age 60. The benefit is calculated using the Service Retirement formula shown above. If you retire before age 55, your allowance is permanently reduced 1/4 of 1 percent for each month under that age (3 percent per year). For example, if you retire at age 54, you will receive 97 percent of your full retirement allowance. If you retire between the ages of 55 and 60, there is no reduction.

Deferred Retirement

Available to those members who have at least ten years of membership credit (but less than 25 years) and are not yet 60 years of age when they terminate employment. If a member is removed from employment for cause on charges of misconduct or delinquency, the member would be ineligible for deferred retirement benefits. You must file an application to receive a Deferred Retirement before the retirement can become effective and payments can begin. After filing and upon reaching age 60, you will begin to receive a retirement allowance based on the Service Retirement formula shown on the reverse side. If you do not file before you attain age 60, your retirement will be effective on the first on the month after the Division receives your properly completed retirement application.

Your life insurance coverage is not in effect between the time you terminate employment and your Deferred Retirement becomes effective. If you die between the time you terminate employment and your retirement becomes effective, the beneficiary on your Deferred Retirement application will receive the return of your pension contributions with interest. If you have not filed for Deferred Retirement, the last named beneficiary on your account will receive the return of your pension contributions with interest. There is no other death benefit under these circumstances.

At any time before your Deferred Retirement becomes effective, you may change your mind and apply for withdrawal of your contributions instead. Once you cancel your Deferred Retirement and withdraw your contributions, all the rights and privileges of membership end.

Veteran Retirement

Available to qualified military veterans. If you are not already listed as a veteran on the Division of Pensions and Benefits' records, you should submit a copy of your DD 214 or discharge papers showing both your induction and discharge dates to:

NJ Department of Military and Veterans Affairs
ATTN: DVP-VBB
PO Box 340
Trenton, NJ 08625-0340

Attach a note to the discharge papers indicating that you want to obtain veteran status for pension purposes and include your address on the note.

For additional information on veteran status, see Fact Sheet #17, *Veteran Status*.

Qualified veterans must be in active employment until the effective date of retirement or must have met the requirements for a Veteran Retirement as of their termination date.

Veterans may retire after 25 years of membership credit at age 55 or older or after 20 years of membership credit at age 60 or older. The annual benefit is equal to 54.5 percent of the salary upon which pension contributions were based during the last year of employment or highest 12 consecutive months of base salary.

Veterans with 35 or more years of membership credit at age 55 or older are entitled to an annual allowance based on the member's highest 12 consecutive months of base salary, as shown in the following formula:

$$\frac{\text{Years of Service}}{55} \times \frac{\text{Highest 12 Consecutive Months of Salary}}{12} = \text{Annual Retirement Allowance}$$

Veteran members may retire on a Service Retirement if that provides a higher benefit.

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DISABILITY RETIREMENT

Disability retirement benefits are also available. See Fact Sheet #15, *Disability Retirement*, for additional information.

OBTAINING FORMS AND FACT SHEETS

The *Request for Retirement Estimate* form and all of the fact sheets mentioned in this publication are available for viewing or downloading over the Internet at: www.state.nj.us/treasury/pensions. Once at the Division's home page, click on the link for "forms and publications" to go to the downloadable forms and fact sheets.

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This fact sheet is a summary and not intended to provide total information.

Although every attempt at accuracy is made, it cannot be guaranteed.
